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Chairman: Mr. Asadi ..... (Islamic Republic of Iran)

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98-82045 (E)

The meeting was called to order at 10.10 a.m.

Agenda Item 93: Sustainable development and international economic cooperation (*continued*) (A/53/60, A/53/62, A/53/63–S/1998/100, A/53/69, A/53/72–S/1998/156, A/53/95–S/1998/311, A/53/96, A/53/124, A/53/155, A/53/168, A/53/204, A/53/296, A/53/371–S/1998/848, A/53/374, A/53/396, A/53/411, A/53/412, A/53/416, A/53/447 and Corr.1, A/53/453, A/53/493 and A/53/506; A/C.2/53/4)

(e) Implementation of the Programme of Action for the Least Developed Countries for the 1990s (*continued*) (A/53/553; A/C.2/53/3)

1. **Mr. Phommahaxay** (Lao People's Democratic Republic) said that the international community should endeavour to create an environment in which developing countries, in particular the least developed countries, could benefit from globalization and liberalization. While it was generally acknowledged that the Bretton Woods institutions had an important role to play in containing the current financial crisis and restoring the health of afflicted economies, their resources were far from sufficient and their methods, particularly those of the International Monetary Fund (IMF), were often unsuited to the real needs of individual economies. In that regard, negotiations should be held in order to find effective and realistic ways of rehabilitating the stricken economies.

2. Official development assistance (ODA) was continuing to decline, and only a small group of traditional donor countries had continued to meet or exceed the ODA target. His delegation commended the Government of the Netherlands for its commitment not only to allocate 0.7 per cent of its gross national product (GNP) as ODA to developing countries but to increase its share to 0.8 per cent for the next four years. Other developed countries should follow that example.

3. The marginalization of the least developed countries in world trade had placed severe constraints on their ability to generate export earnings. If the developing countries, particularly the least developed countries, were offered equitable market access, the external earnings thus generated would go a long way to meeting most, if not all, of their financial needs for development and capacity-building. The international community should therefore improve market access for the least developed countries, which would include the abolition of tariffs on exports from those countries, and assist them in strengthening their capacity to participate in the multilateral trading system. There was also a need to ensure the effective implementation of the special and differential measures in favour of the least developed countries as contained in multilateral trade agreements.

4. The Lao Government continued to attach great importance to poverty eradication and would intensify its efforts to accelerate the implementation of its rural development programme by expanding market access, developing its infrastructure and improving its social services. The aim of the programme was to integrate various minorities and ethnic groups into the building of a just and prosperous society. In view of the economic constraints with which the Lao People's Democratic Republic was confronted, the international community's financial and technical assistance would be greatly appreciated.

5. His delegation welcomed the General Assembly's decision to convene the Third United Nations Conference on the Least Developed Countries in the year 2001, and thanked the European Union for offering to host the Conference. It was necessary to ensure appropriate support for substantive input in the preparatory process for the Conference, particularly with regard to the General Assembly's decision to consider the funding for participation of representatives of each least developed country, both at the preparatory committee meetings and at the Conference itself.

6. **Mr. Myint** (Myanmar) said that the least developed countries had undertaken reforms that had meant hardship and sacrifice for their peoples and had made a certain amount of progress in the midst of an uncertain and unstable external environment. The current international financial turmoil could nullify those hard-earned gains, and the international community should therefore make concerted efforts to support the least developed countries by increasing ODA, reducing or annulling their external debt and enhancing their access to world markets.

7. It was necessary to ensure that all countries had fair access to markets and were not subjected to political coercion or conditionalities. In that regard, his delegation was pleased that the United Nations Conference on Trade and Development (UNCTAD), the United Nations Industrial Development Organization (UNIDO), the World Trade Organization (WTO) and other agencies and institutions would act as arbiters for the interests of the least developed countries in all interactions concerning their welfare, even when the concerned parties were incapable of action themselves.

8. His delegation fully supported the Declaration of the Ministers of the Least Developed Countries at their Eighth Annual Meeting on 28 September 1998. It also welcomed

the General Assembly's decision to convene the Third United Nations Conference on the Least Developed Countries in the year 2001. It was essential that, in the preparations for the Conference, the necessary arrangements should be made to enable the full participation of the least developed countries themselves. His delegation hoped that the international community would make concerted efforts to implement the Paris Declaration and Programme of Action for the Least Developed Countries.

9. **Mr. Shihab** (Maldives) said that there was a critical need for a secure and equitable multilateral trading regime that would provide more trade and development opportunities for the least developed countries. While the Uruguay Round of multilateral trade negotiations and WTO had given countries greater access to markets, their benefit, particularly in the area of exports from the developing countries and least developed countries, had been disappointing. In that context, the development partners of the least developed countries should ensure effective follow-up to the results of the High-level Meeting on Integrated Initiatives for Least Developed Countries' Trade Development, which had been held under the auspices of WTO in October 1997.

10. The current globalization and liberalization process posed serious economic threats to the least developed countries. In order to prevent the further marginalization of the poorest countries, it was important to improve the existing criteria for least developed country status. In that regard, his delegation reiterated its call for the early development of a vulnerability index for small island developing States, as called for in General Assembly resolution 51/183.

11. His delegation noted with great concern the continuing decline of ODA, which was a major external source for financing development when private capital flows were inadequate or unavailable. His delegation strongly urged the developed countries to comply with the internationally agreed target of 0.7 per cent, and to fulfil their commitments to provide new and additional resources in order to help the least developed countries integrate into the global economy.

12. **Mr. Chowdhury** (Bangladesh), speaking on behalf of the least developed countries, said that, in spite of the significant progress that had been made by the least developed countries in implementing broad-based economic reform programmes on their own, many of the global economic variables that affected the least developed countries remained uncertain. There was no indication that there would be any immediate increase in aid to the least developed countries, and the debt situation of those countries had remained virtually unchanged. No significant long-term investments had been made in the least developed countries, and there had been no breakthrough in market access for those countries. The international community had expressed its strong commitment to change that situation in the 1990 Paris Declaration and Programme of Action for the Least Developed Countries for the 1990s and in all major global conferences held since then.

13. While the international community had recognized that the least developed countries were doing their utmost in the face of tremendous odds, it had done relatively little to help them. So far, only one least developed country had become eligible for full-fledged debt relief under the Heavily Indebted Poor Countries Debt Initiative, and the Final Act Embodying the Results of the Uruguay Round of Multilateral Trade Negotiations had yet to be fully and effectively implemented. Moreover, concern had been voiced at the slow pace of implementation of the Integrated Framework for Technical Assistance to Support Trade-related Activities in the Least Developed Countries. Although the international community had declared that it was imperative that the least developed countries should be expeditiously integrated into the world economy, the marginalization of those countries had continued.

14. The international community would have an opportunity to do something worthwhile for the least developed countries during the preparations for the Third United Nations Conference on the Least Developed Countries to be held in 2001. The international community should examine the areas where, and the reasons why, it had so far failed to implement the Programme of Action for the Least Developed Countries for the 1990s. As the focal point for the preparation of the Conference, UNCTAD had primary responsibility for conducting a complete review of the status of implementation of the current Programme of Action. The least developed countries would require assistance in their preparations for and follow-up to the Conference, which could be provided through the existing framework of integrated initiatives for capacity-building in the least developed countries.

15. **Mr. Rana** (Nepal) said that his delegation associated itself with the statement made by the representative of Bangladesh on behalf of the least developed countries. In spite of the adoption of the Paris Declaration and Programme of Action for the Least Developed Countries for the 1990s, the number of least developed countries had increased from 41 to 48 without a proportionate increase in support measures. The continued marginalization of those countries was further aggravated by falling ODA levels, a heavy debt burden, a marginal share in world trade and lack of access

to markets. Strengthened cooperation and global measures were sorely needed in order to prevent the further marginalization of the least developed countries, facilitate their integration into the world economy and achieve the objectives of the Programme of Action.

16. Poverty, hunger and disease continued to blight the lives of hundreds of millions of people living in developing countries. The status of the least developed countries had deteriorated over the years and resulted in their being pushed to the fringe of global economic activities. Progress in the areas of finance, communications and technology had eluded the developing countries in spite of their major economic and policy reforms and painful structural and sectoral adjustments. Global economic imbalances and uncertainties continued to affect the economies of the least developed and landlocked countries, and his delegation called for the increased participation of those countries in the international economic decision-making process.

17. The least developed countries urged their development partners to take measures to ensure the speedy implementation of the Programme of Action for the Least Developed Countries for the 1990s in order to enable those countries to benefit fully from the process of globalization and liberalization of trade and increased international private resource flows. Measures must also be taken to support the development efforts of the least developed countries and ensure their effective integration into the world economy.

18. His delegation welcomed the General Assembly's decision to convene the Third United Nations Conference on the Least Developed Countries in 2001, and sincerely hoped that the Conference would create an environment that would enable the least developed countries and their development partners to revitalize their partnership.

19. **Mr. Todjinou** (Benin) said that his delegation fully supported the statement made by the representative of Bangladesh on behalf of the least developed countries. The time had come to evaluate the implementation of the Paris Declaration and Programme of Action for the Least Developed Countries for the 1990s. According to the 1995 Mid-term Global Review of the Programme of Action, while certain least developed countries had recorded a slight increase in their production and a certain improvement in their growth rate, the social and economic situation in those countries had fallen short of the objectives of the Programme of Action. According to the latest UNCTAD report on the least developed countries, the 48 least developed countries as a whole had made remarkable progress in 1997, and their gross domestic product (GDP) growth rate had reached 4.8 per cent as compared to 3.2 per cent for the world economy as a whole. However, such progress had not been uniform. The growth rates of the least developed countries in Africa and Asia had fallen as a result of poor weather conditions and the effects of the Asian financial crisis.

20. The international community should continue to implement the Programme of Action for the Least Developed Countries for the 1990s in order to support economic growth and promote development in those countries. The Declaration of the Ministers of the Least Developed Countries at their Eighth Annual Meeting on 28 September 1998 clearly indicated the actions to be undertaken in that regard.

21. Foreign direct investment in the least developed countries had exceeded US$ 1.1 billion in 1996 and US$ 2 billion in 1997. However, a considerable part of those investments had been allocated to the highly profitable oil and mining industries to the detriment of agriculture and the production of goods and services. The least developed countries had received only a tiny portion of foreign direct investment in developing countries, which underscored the need to mobilize private capital for the least developed countries at a time when ODA continued to decline. The shortage of investment capital was a serious handicap for production and economic growth in the least developed countries.

22. External debt was a heavy burden for the least developed countries. While 29 least developed countries had benefited from the Heavily Indebted Poor Countries Debt Initiative, much remained to be done since debt-servicing absorbed more that one third of those countries' export earnings. Debt-servicing constituted a serious obstacle to growth and development in the least developed countries, and only a concerted effort on the part of the international community could alleviate or annul the debt of the least developed countries in the interest of humanity.

23. In the context of globalization, the least developed countries could not depend solely on their role as providers of raw materials. The international community should continue its efforts to promote industrialization in those countries, since the processing of raw materials and commodities was an essential condition for gaining access to world markets. The least developed countries accounted for only 0.4 per cent of international trade. Their capacity to participate in world trade should be strengthened, and the Government of Benin appreciated the measures that UNCTAD had taken in that regard.

24. Measures should be taken to facilitate the participation of the least developed countries in WTO. The forthcoming negotiations on agriculture were of vital importance to those

countries, since agriculture accounted for more than 40 per cent of their total production. The current multilateral trading system based on the double principle of reciprocity and mutual advantage seriously penalized the least developed countries. In particular, the least developed countries in Africa were likely to become even more marginalized if they were unable to fulfil their commitments to WTO.

25. The situation of the least developed countries called for solidarity on the part of the international community. His delegation invited the developed countries to increase substantially their financial assistance to the least developed countries in accordance with their commitments under the Programme of Action for the Least Developed Countries for the 1990s. The Third United Nations Conference on the Least Developed Countries should be prepared very carefully in order to enable the least developed countries to begin the third millennium with much more hope.

26. **Mr. Gouveia** (Mozambique) noted with concern the lack of progress in the implementation of the Programme of Action for the Least Developed Countries for the 1990s and the continued decline in ODA, which had reached a record low in recent years. In order to reverse the negative trend, strategies based on partnership with the donor community must be redefined.

27. His delegation welcomed the initiatives taken by WTO, in cooperation with other organizations, to implement the Programme of Action through effective follow-up of the High-level Meeting on Integrated Initiatives for Least Developed Countries' Trade Development. It also welcomed the ministerial communiqué issued at the high-level segment of the 1998 substantive session of the Economic and Social Council, and reiterated the importance of the Microcredit Summit held in Washington, D.C., in February 1997.

28. The following steps should be taken in order to maximize the success of microcredit programmes: the administrative structures of microcredit programmes should be strengthened and loans should be extended to anyone who had the ability to repay; accountability must be ensured in order to avoid the risk of borrowers consuming rather than investing, and links should be established between credit unions and microfinance institutions in order to ensure long-term sustainability of microcredit operations. Without long-term sustainability, the microcredit programme launched in Washington, D.C., would be in danger of collapsing.

29. **Ms. Hye-ran Yoo** (Republic of Korea) said that her delegation appreciated the European Union's generous offer to host the third United Nations Conference on the Least Developed Countries, in 2001. In order to ensure the success of the conference, the preparatory activities should take into account the development priorities expressed by the least developed countries themselves. The conference should draw on the experiences of those countries, as well as on the lessons learned, *inter alia*, from the implementation of the Programme of Action for the Least Developed Countries for the 1990s and from other major global conferences.

30. The recent improvement in the economic performance of many of the least developed countries owed much to their own structural reform efforts; however, structural adjustment programmes should not undermine long-term development goals. The international community must assist the least developed countries in minimizing the adverse social consequences of such adjustments.

31. Despite the increasing role of private capital in development, official development assistance still played a critical and catalytic role in facilitating the development of the least developed countries. Accordingly, not only should efforts be made to reverse the overall decline of official development assistance, but the least developed countries should be given priority in the allocation of aid. Her Government had steadily increased its official development assistance over the past 10 years although the recent economic crisis had forced it to reduce its ODA; once the economy was back on track, however, it would seek to increase the volume of such assistance, including its allocation for the least developed countries.

32. She emphasized the importance of finding a durable solution to the serious external indebtedness of the least developed countries, and of facilitating the latter's integration into the world trading system, and in that context welcomed the ministerial communiqué issued at the high-level segment of the 1998 session of the Economic and Social Council.

33. **Mr. Nishigahiro** (Japan) welcomed the discussions on progress made in the implementation of the Programme of Action for the Least Developed Countries for the 1990s which had been held in the context of the forty-fifth session of the Trade and Development Board and asked the Secretariat to submit the report on that session of the Board at the earliest possible date, so that all delegations might have ample time to examine its conclusions.

34. Globalization presented both opportunities and challenges for all countries; however, in the case of those countries that had been marginalized in the process, the cost of globalization appeared to exceed the benefits. Increased support from the international community was therefore critical. In the light of the current financial crisis in Asia, it was more important than ever for the international

community to increase its support and facilitate effective integration of the economies of the least developed countries into the global economy.

35. Because of the high priority which Japan attached to supporting the least developed countries, it had organized the second Tokyo International Conference on African Development, together with the United Nations and the Global Coalition for Africa. Although the Conference had focused on the challenges that African countries and their development partners were confronting, its findings could also be applied to the least developed countries. The primary theme of the Conference had been poverty reduction through accelerated economic growth and sustainable development, and effective integration of African economies into the global economy.

36. As stated in the Tokyo Agenda for Action, the least developed countries themselves had a responsibility to eliminate or reduce supply-side constraints, while the international community should support the efforts of least developed countries to enhance their competitiveness. Continued preferential treatment remained an essential means of expanding trading opportunities for the least developed countries. However, preferences should be viewed as a transitional measure which should be utilized only in the short term. Over the longer term, the best interests of the least developed countries were more likely to be promoted by providing guaranteed, non-discriminatory and open access to markets for their products.

37. His delegation welcomed the decision to convene the third United Nations Conference on the Least Developed Countries at a high level in 2001, and commended the initiative by the European Union to serve as host. Japan intended to participate actively in the preparations for the Conference, and urged all the relevant funds and programmes and specialized agencies of the United Nations system to make a concerted effort to contribute to the preparation process and to the Conference itself.

38. **Mr. Kebede** (Ethiopia), noting that many of the least developed countries, after undertaking reforms that had caused hardship for their people, had begun to show positive growth in per capita income, said that they deserved greater support from the international community, particularly in regard to official development assistance, debt relief and market access. Accordingly, donor countries should take steps to halt the decline in official development assistance to those countries and meet their commitments, in line with established United Nations targets. He noted with concern that most of the least developed countries had not succeeded in attracting long-term investment. They needed technical and financial assistance to improve their basic infrastructure and institutional capacity, so as to enhance their ability to attract foreign investment.

39. Further efforts must be made to alleviate the debt situation of the least developed countries. It was important to relax the eligibility process of the Highly Indebted Poor Countries Debt Initiative, and donor countries should give due consideration to the proposal made recently by the Secretary-General of the United Nations to the effect that all remaining official bilateral debt owed by the poorest countries should be converted to grants.

40. Enhanced access to markets was equally vital, given the great reliance of the least developed countries on the export of primary products. In order to ensure the effective integration of the least developed countries into the global economy, the Marrakesh Ministerial Decision in Favour of Least Developed Countries and the special differential measures in favour of least developed countries promoted in the Uruguay Round agreements must be fully and effectively implemented, market access for exports of least developed countries must be further enhanced, and support must be provided for their capacity-building efforts.

41. The international community should help the least developed countries in their effort to enhance their competitiveness through vertical and horizontal commodity diversification programmes, improvement of their trade infrastructure and trade-supporting services and human development.

42. Finally, he underscored the importance of adequate preparation for the third United Nations Conference on Least Developed Countries, adding that the development priorities of the least developed countries should be taken into account and the Conference should draw on the experiences of those countries, as well as on lessons learned from implementation of the Programme of Action for the Least Developed Countries for the 1990s and from other major global conferences.

43. **Mr. Rahmtalla** (Sudan), having expressed his support for the statements delivered by the representative of Bangladesh on behalf of the least developed countries, pointed out that the preparation for the third United Nations Conference on the Least Developed Countries had topped the agenda at the recent annual coordination meeting of Ministers for Foreign Affairs of the Organization of the Islamic Conference.

44. Given the changes which had taken place in the economies of the least developed countries during 1998, it was essential for the international community to provide

ODA at the levels repeatedly agreed to at various international conferences since the 1970s; by so doing it would undoubtedly create the right climate for private sector investment. It was equally essential to devote attention to the new initiatives proposed for dealing with the external debt of the poorest and most indebted developing countries, and to implement agreements relating to increasing the opportunities for access to international markets and the transfer of environmentally sound technologies. Lastly, he remarked that the period preceding the third United Nations Conference on the Least Developed Countries provided a good opportunity for the international community to renew its will and moral responsibility and increase its efforts to prevent marginalization. It would also provide the opportunity both to accelerate integration of the least developed countries into the world economy and to strengthen initiatives aimed at building the capabilities of those countries to make an effective contribution, thus enabling them to take control of the development process.

Agenda item 98: Implementation of the first United Nations Decade for the Eradication of Poverty (1997–2006) (A/53/72–S/1998/156, A/53/95–S/1998/311, A/53/223 and Add.1, A/53/329)

45. **Mr. Desai** (Under-Secretary-General for Economic and Social Affairs), introducing agenda item 98, drew attention in particular to the report of the Secretary-General on the role of microcredit in the eradication of poverty (A/53/223). The report did not advocate any particular policy, but rather discussed both the strengths and the weaknesses of activities in the field of microcredit, and provided information on the work of the United Nations in that area. It contained suggestions for strengthening operations, and made a plea for ensuring that microcredit projects were established in the broader context of support to the small enterprise sector. The United Nations was fully committed to supporting and promoting microcredit, and saw it as a vital tool in efforts to eradicate absolute poverty.

46. One of the key features of microcredit schemes was that they made it possible to lend small amounts of money without collateral, thus providing access to credit, as well as empowerment, for women and others in the disadvantaged sectors of society. In Bombay, for example, microcredit programmes had enabled poor widows to buy equipment and supplies at wholesale prices, and sell home-cooked meals to migrant workers who lived far away from their families.

47. Microcredit programmes were most effective when operated in conjunction with other investments aimed at expanding options for the poor, such as investments in basic social services and in small-scale infrastructure designed to improve access to markets, inputs and technology. In India, the effectiveness of microcredit programmes which enabled poor farmers to acquire milk-producing animals had been greatly enhanced by parallel investments in the whole system of milk collection, milk processing and milk marketing. On the other hand, the effectiveness of infrastructure investments could be greatly enhanced by the provision of microcredit, in order to ensure that they worked to the benefit of the poor and were not monopolized by a few people.

48. Much more needed to be done in the area of microcredit. The Secretary-General's report clearly showed that the scale at which support was being provided for microcredit still fell short of what was required. He did not agree with those who argued that the poor did not have the capacity to take advantage of options that would enable them to improve their situation. In fact, where options had been generated in a meaningful way, through microcredit and well-targeted infrastructure investments, the poor had proved perfectly capable of using them effectively for their own advancement.

49. The United Nations was fully committed to supporting and strengthening microcredit institutions. The real challenge was to work out how the international system could best enhance or support initiatives in that field.

50. He wished to refer briefly to the background document entitled *Poverty reduction strategies: A review* (ST/ESA/260), which reported on a study commissioned by the Department of Economic and Social Affairs in order to provide guidance for the orientation of the Department's operational activities. As stated in the report, while some of the allegedly beneficial consequences of microcredit for women and the hard-core poor had been questioned, it had proved an effective means of poverty alleviation. He invited members to study the report, which was available in the conference room.

51. **Mrs. Syaruddin** (Indonesia), speaking on behalf of the Group of 77 and China, expressed disappointment over the tardy issuance of the report of the Secretary-General on the implementation of the first United Nations Decade for the Eradication of Poverty (1997–2006) (A/53/329) and hoped that serious consideration would be given in future to ensuring that delegations were adequately prepared for discussion.

52. The Group of 77 and China attached great importance to the critical issue of poverty eradication; the only effective way to tackle poverty was through programmes aimed at maintaining economic growth and sustainable development.

It was discouraging to note, however, that, despite the strategies that had been developed to deal with the problem, poverty continued to grow. More ominously still, official development assistance had sharply decreased in real terms and the share committed to sustainable development and poverty eradication remained extremely low. Full implementation of the basic international agreements adopted in that connection was therefore an urgent matter. The Programme of Action of the World Summit for Social Development, for instance, had underlined the inseparable link between poverty and lack of control over resources. The eradication of poverty was an ethical, social, political and economic imperative of mankind; the poor must be integrated into mainstream development programmes. She therefore supported the focus in the Secretary-General's report (A/53/329), on the promotion of sustained economic growth and social progress, which were empowerment strategies that would enhance development opportunities for all; all Governments should share responsibility for combating poverty by consistently pursuing effective implementation of the outcomes of recent major United Nations conferences.

53. The large regional differences in poverty reduction demonstrated the need to examine poverty in the context of globalization. Effective integration of the developing countries into the world economy should help to eradicate poverty. International support to countries unable to benefit from globalization was indispensable to the success of their development efforts. Accordingly, it was essential to have an enabling environment that fostered equitable development and increased financial and technical assistance. The international community should also speed up implementation of debt relief initiatives and provide opportunities in the area of microcredit.

54. The first United Nations Decade for the Eradication of Poverty (1997–2006), which the Group of 77 and China fully supported, would generate the awareness needed to develop solidarity and partnership between and within States with a view to eradicating poverty. She likewise welcomed the programmes for the exchange of national experiences concerning target-setting for poverty reduction and eradication, as well as the support of the international community in that regard, and expressed her appreciation of the United Nations efforts to enhance inter-agency coordination which, she hoped, would result in measures to support the efforts to achieve the objective of the Decade. The Group of 77 and China looked forward to participating in a review of the Decade's implementation with a view to evolving concrete action to address the constraints faced by the developing countries in the field of poverty eradication.

55. **Mr. Wedenig** (Austria), speaking on behalf of the European Union, the associated countries Bulgaria, Cyprus, the Czech Republic, Estonia, Latvia, Lithuania, Poland, Slovakia and Slovenia, and, in addition, Iceland, said that the three main elements in poverty eradication strategies were, firstly, the promotion of sustainable growth, with due attention paid to issues of equity and social justice as integral elements of economic policy, secondly, development of the social sectors and, thirdly, the promotion of popular participation and good governance.

56. Economic growth was the most important factor in the achievement of lasting poverty reduction. Accordingly, the premise which now guided all major instruments in development cooperation was the formulation of deliberate policies and strategies to reduce inequality and fight social exclusion by empowering the poor, in particular poor women, to participate actively in economic, social and political life and share in the fruits of development. Access to capital was another essential factor for the creation of growth, in which context he welcomed the Secretary-General's report on the role of microcredit in the eradication of poverty (A/53/223).

57. The establishment of efficient and accessible basic social services for all was another important factor in the fight against poverty, for human and social development were essential to improving economic competitiveness and achieving sustained economic growth. Such factors should therefore form the core of macroeconomic policy design and implementation. It was also essential to ensure a sufficiently high level of financial resources through mechanisms such as the 20/20 Initiative, launched at the World Summit for Social Development, to which the European Union attached great importance.

58. Thirdly, as the Secretary-General had stated (A/53/1), good governance was perhaps the single most important factor in eradicating poverty and promoting development. Securing respect for human rights and the rule of law, promoting accountability and transparency in public administration and enhancing administrative capacity were all imperative for poverty eradication strategies. It was also vital, however, to reinforce the means and capacities for stakeholders to participate in the formulation and implementation of social and economic policies through decentralization and open management of public institutions.

59. The European Union welcomed the idea of a joint panel of the Second and Third Committees on poverty, human rights and development, and stood ready to support the work of the new mechanisms established under the Commission on Human Rights with a view to the more

effective realization of economic and social rights and the right to development. It also supported the elaboration of benchmarks and indicators of the progress made in the realization of economic and social rights, which had proven relatively difficult to measure.

60. Women accounted for more than two thirds of the world's poor. The empowerment and autonomy of women was therefore crucial to the eradication of poverty, as was the improvement of their social, economic and political status, their enjoyment of equal rights and their full participation in the decision-making process. It was also crucial to ensure that girls and women had equal access to education and basic social services and to introduce mainstreaming and positive action as complementary strategies, as well as integrate a gender perspective into macroeconomic analysis and planning. In that connection, believing that legislative and administrative reforms should be undertaken to ensure that women had full and equal access to economic resources, the European Union attached great importance to the high-level segment of the Economic and Social Council due to take place in 1999.

61. Substantial and targeted official development assistance remained of paramount importance to the poorest countries and most vulnerable sectors of society in particular; accordingly, aid programmes should be formulated with poverty eradication as their overriding objective. The European Union was committed to accomplishing measurable progress towards achievement of the ambitious international development targets agreed for the twenty-first century. As Amartya Sen, 1998 winner of the Nobel Prize for economics, had said, poverty was not a problem of there *being* not enough goods available, but rather a problem of *some* people not being entitled to those goods.

62. **Mr. Chowdhury** (Bangladesh) said that the first United Nations Decade for the Eradication of Poverty provided the international community with a fresh opportunity to rally energies for the realization of an objective that was now long overdue. Microcredit, as a tool that could be used synergistically with other measures to combat poverty, as the General Assembly itself had recognized at its fifty-second session. Thanks to the efforts of the Friends of Microcredit at the United Nations, who had contributed immensely to raising awareness of the issue, microcredit had been incorporated into the programmes of various United Nations bodies. He drew the Committee's attention to the microcredit successes listed in paragraphs 18 to 25 of the Secretary-General's report on the role of microcredit in the eradication of poverty (A/53/233) and to the information kit presented by United Nations agencies at the follow-up meeting to the Microcredit Summit, held in June 1998. He cautioned, however, that concerted international efforts were paramount to achieving the goals of the Microcredit Summit.

63. The dream of a poverty-free world had been the driving force in the expansion of microcredit. In the context of that progress, it was distressing that the Secretary-General's report (A/53/223), while generally supportive of microcredit, included some unsubstantiated and adverse remarks on microcredit some of which contradicted what the Secretary-General had acknowledged in other statements. A number of ambassadors had met with the Under-Secretary-General for Economic and Social Affairs to draw attention to the incongruities in the report, their comments would be circulated to the members of the Committee.

64. In particular, the report had missed an opportunity to explore how much more the United Nations could do to realize the promise of microcredit. It was particularly disappointing that the Department of Public Information had given broad coverage to the relative remarks. The United Nations must project the correct perspective and not lead the public to draw incorrect conclusions.

65. **Ms. Montoya** (United States) said that while there was no single remedy for poverty there were many tools for attacking it. The Secretary-General's report on microcredit discussed one invaluable tool of economic and social development. At the 1997 Microcredit Summit, Mrs. Clinton had endorsed the conclusion that microcredit could lift individuals out of poverty, create jobs, promote businesses and build capital in depressed areas. The international donor community should help to strengthen microcredit and microfinance institutions, while supporting necessary policy reforms.

66. The very poor were among the hardest-working people, but hard work alone was not enough to break the cycle of poverty. Microfinance was one of the most effective tools of the United States Government in fostering bottom-up growth. The micro-enterprise initiative of the United States Agency for International Development (USAID) included a range of financial services, of which microcredit was one critical element. Access to other financial products was also important in the essential process of building capital for the future. The poor had the right to plan for emergencies and opportunities, and Governments had the obligation to ensure that they could.

67. Financial services alone were not sufficient: investment was also needed in non-financial components such as business development services, policy reforms, applied research and impact studies, and dissemination of

best practices. Such programmes reflected the belief that sustainable and just economic development must benefit all sectors of society, including poor women. Governments had a key role to play in alleviating poverty, which had to be a national priority for the whole population. However, the primary role of Government should be to provide basic services, support the efforts of civil society, and, most importantly, ensure an adequate regulatory and supervisory structure. The direct provision of credit and other financial services was not an appropriate role for Governments; their role was to act essentially as facilitators.

68. The wisest policy which a Government could adopt was to lay a sound foundation for sustainable economic growth. That meant open markets, transparent regulatory systems, strong financial oversight, and participatory decision-making. Participation had in fact been emphasized by UNCTAD in *Least Developed Countries: 1998 Report*. Most people knew what was best for them, and the poor themselves could increase the chances for success of poverty-alleviation measures. They must be involved in every step of the development process.

69. **Mr. Kolby** (Norway) said that Norway supported the report's conclusion that finding a solution to global poverty was one of the main tasks of the multilateral system.

70. The eradication of poverty called for a partnership between the haves and the have-nots both within and between nations. The failure of developed countries to meet the target of 0.7 per cent of GDP for ODA was deeply regrettable. Norway was already well above that target and committed to increasing its contributions to 1 per cent. However, the prime responsibility for development lay with the developing countries. ODA was unlikely to increase unless the taxpayers of the North saw that the resources were being put to good use. Moreover, ODA alone could not lift a country out of poverty. The Governments of the recipient countries must create a political and economic environment capable of attracting foreign capital, *inter alia*, by ensuring respect for human rights and adapting sound economic policies and broadly based social investment programmes.

71. Poverty eradication also required investment in people, in their health and education. The follow-up to the Oslo meeting on the 20/20 Initiative had recently taken place in Viet Nam. The Initiative was more directly targeted at the poor than most other means of intervention. United Nations and World Bank studies had shown that few investments yielded a better return than investment in primary health and basic education. Norway had supported microfinance activities for a number of years, and had been a main contributor to the Grameen Bank. The Secretary-General's report pointed out the weaknesses of that approach; it was important to stress that support for microfinance must not be at the expense of other means of reaching the poor, for there were groups of people who were not able to benefit from lending.

72. It was important never to forget the poorest of the poor. Seventy per cent of the world's poor were women. The gender perspective must in fact always be borne in mind, for experience and research had shown that focus on women was a good strategy for development. Investment in girls' education, for example, led to higher productivity, lower infant and maternal mortality, and lower fertility. Poverty was also more extreme in some regions than in others. Norway regarded the Highly Indebted Poor Countries Debt Initiative as the most constructive multilateral relief scheme launched to date. It was also making its contribution through a new national debt relief strategy, which supported the multilateral schemes through bilateral debt-reduction measures.

73. **Mr. Shen Guofang** (China) said that the eradication of poverty was an important yardstick of human progress and a goal long pursued by the peoples of all countries. The Decade represented another step forward in the process. However, a third of the population of developing countries still lived in poverty, 800 million people did not have sufficient food, and 12 million children died every year before the age of five. All too frequent use of sanctions against developing countries had made matters worse, and the Asian financial crisis had shown that economic globalization was posing new challenges to the eradication of poverty. Poverty was a brutal violation of human rights, and its eradication was a common responsibility of mankind. Poverty was a deep-rooted illness, but it could be cured. The key was to attack the illness at its roots. The international community must create a favourable environment and provide the means to help countries to lift themselves out of poverty through their own efforts.

74. The Decade should concentrate on four main needs. Firstly, the need to explore ways of forestalling the emergence of large-scale new poverty from economic turmoil. Secondly, the need to create a domestic and international environment conducive to economic growth; a domestic policy of sustained growth with equity required the support of international measures such as improved trade conditions, solution of the debt problem, increased capital flows, and transfer of technology. Thirdly, the need to break the vicious circle of poverty by mobilizing domestic and international resources; one top priority should be to meet the agreed ODA targets. Fourthly, the need to involve the poor, for nobody was more eager for a better life; their

potential must be brought into play in transforming poverty-eradication programmes into their own concrete actions.

75. Economic growth was the basis of social development and the key to poverty eradication, as China's own commitment to developing the economy and improving living standards had shown. In the past 20 years, 125 million Chinese people had been lifted out of poverty, but there were still 50 million living in poverty, including 20 million in remote backward areas. The Chinese Government had set itself the difficult goal of eliminating absolute poverty by 2000. It intended to mobilize the whole of society, ensuring that everybody was a participant as well as a beneficiary. It would also draw on the useful experience of other countries and would remain an active participant in international cooperation for the eradication of poverty.

76. **Ms. Suzuki** (Japan) said that Japan supported the activities of the United Nations in the context of the Decade. However, there was no single answer to what was a complex phenomenon. Income and employment were important but not the only issues. The eradication of poverty needed to be tackled in an integrated manner by accelerating economic growth, with emphasis on the poor, working more effectively to achieve social goals, and protecting the environment in a context of sustainable development. Capacity-building was critical, for it unleashed people's creative energies to take full advantage of the opportunities offered. Capacity-building to combat poverty was the prerequisite for sustainable development and prosperity.

77. An output-oriented approach should be taken by all development actors: the expected outcome must be spelled out and the performance evaluated against benchmarks. The results should then be fed back into new activities. Such an approach should make use of the comparative advantages of each organization. The United Nations system enjoyed a comparative advantage in terms of its impartiality and universality and the wide range of its activities; it also played a valuable role as advocate. The organizations of the system should therefore actively coordinate their activities with each other and with other development actors. All agencies involved, including the Bretton Woods institutions and civil society, must collaborate with the United Nations system on the basis of common targets and an output-oriented approach. Collaboration with NGOs should be further encouraged since their grass-roots activities yielded comparative advantages. Eradicating poverty was the primary focus of Japan's development cooperation programmes. The poverty reduction conference which it had organized in July in conjunction with the Netherlands and UNDP had explored means of reducing by one half by 2015 the number of people living in extreme poverty. The second Tokyo International Conference on African Development, organized in conjunction with the United Nations Global Coalition for Africa, was another example of Japan's efforts to combat poverty. The Conference had adopted the Tokyo Agenda for Action.

78. Japan welcomed the initiatives to promote microcredit, which was an effective means of helping the poor. In that connection it commended UNDP for its MicroStart Programme and the United Nations Capital Development Fund for its local development funds programme. Japan actively supported microcredit initiatives through the Consultative Group to Assist the Poorest and its contribution to the Japan Women-In-Development Fund of UNDP, under which it would support programmes in Bangladesh, Jamaica, Ghana, Cambodia, Kenya, and the Indo-China region.

79. More than ever before, there was a need for all development actors to work together in tackling the issue of poverty. Developing countries should be encouraged to incorporate poverty reduction measures in all development policies and produce poverty reduction strategies with time-bound goals and targets. The international community should increase its support for such efforts, monitor the progress made, and encourage policy adjustments. The United Nations system should step up its work as advocate and initiator of anti-poverty measures.

80. The Japanese delegation wished to point out in conclusion that it was important to receive the Secretary-General's reports in good time if delegations were to prepare for the debate. It was regrettable that the reports under the item had not been available in good time.

81. **Mr. Bwiswmuthiari** (India) said that no item was more central to the aspirations of the United Nations than the implementation of the Decade. All the Organization's other accomplishments would be judged in the light of its responses in that area. Two of the main factors contributing to poverty were lack of control exercised by marginal communities, particularly indigenous and tribal groups, over economic resources, and distortions in the regional distribution of such resources; the root causes of such uneven economic development must be tackled. India and other developing countries had adopted national measures to eradicate poverty, but much remained to be done at the international level by way of the mobilization of additional concessional resources for economic and social development among the target groups. The problem of declining resources had been highlighted by many delegations: success in the current endeavour would only be possible through a partnership between domestic policies and external support.

82. The development strategy must combine broad economic growth with programmes aimed at specific population groups, particularly groups deprived of socio-economic rights and benefits for historical reasons. Equally important were the gender issue and the need to recognize the productive potential of women and abolish discrimination against them. The strategy must also take account of the rights of children and the needs of youth. The specific programmes should include employment programmes, nutritional, educational and health programmes for women, and mass literacy programmes, together with provision of an alternative market allowing poor people to meet their basic needs at an affordable cost.

83. India had implemented a rural employment programme to generate about 1,000 million man/days of work per year in the country's most remote and backward areas. A massive self-employment programme had been undertaken in the micro-enterprise and small-business sector, and integrated services were being delivered to children aged under six and pregnant and nursing mothers through the programme on integrated child development services. A network of fair-price shops offered the essential goods, and a revamped public distribution system was operating in the remote areas, selling such goods at below-market prices. A scheme for the economic empowerment of women was also operating through 120,000 branch post offices in rural India.

84. Assessment of the implementation of the Decade provided an opportunity to identify constraints and produce viable responses. Although hundreds of millions of people had been freed from poverty, millions more had fallen under its yoke. The recent financial crisis in Asia had underscored the impact which the global economic environment had on efforts to eradicate poverty and the need for an international strategy which complemented national efforts. India had noted the information contained in the Secretary-General's report. Much remained to be done, and there must be greater rigour in identifying the obstacles and devising measures to overcome them.

The meeting rose at 1.05 p.m.